



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF STATE UNIFORM PAYROLL

M. J. "MIKE" FOSTER, JR.
GOVERNOR

MARK C. DRENNEN
COMMISSIONER OF ADMINISTRATION

November 27, 2001

OFFICE OF STATE UNIFORM PAYROLL MEMORANDUM #2002-31

TO: All ISIS HR Paid Agencies

FROM: Jena W. Cary
Director

SUBJECT: Review of Tax Shelter Year-To-Date Deductions

This is a reminder to agencies that the balances of tax shelter deductions must be monitored to determine if calendar year limits have been or will be exceeded. In ISIS HR, transaction code ZP68 can be run and used to monitor deferred compensation Section 457 amounts. ZP119 can be used to verify Section 403(b) amounts. Refer to On-Line Help for instructions on how to run ZP68 and ZP119.

Currently the deferred compensation §457 maximum is the lesser of \$8,500.00 or approximately 25% of the employee's federal taxable wages before the tax shelter deferral. An exception is granted only for employees on a "catch-up" plan within three years of retirement. In general, the tax shelter annuity §403(b) maximum is \$10,500. There are also some exceptions to this maximum.

Agencies must review these reports to avoid possible W-2c's. If an employee has exceeded or will exceed the maximum prior to the end of the year, the deduction should be stopped and, if necessary, a refund should be processed. **Agencies must contact the vendor prior to stopping a deduction or refunding a prior deduction. OSUP must also be notified before refunding prior deductions.**

For questions regarding ZP68 and ZP119 contact the ISIS HR Help Desk at (225) 342-2677. Questions regarding §457 maximums should be directed to Louisiana Deferred Compensation at (225) 926-8082. Questions about maximums for §403(b) tax sheltered amounts should be directed to the specific vendor. Any additional questions should be directed to a member of the OSUP Wage and Tax Administration Unit:

Rhonda Desselle (225) 342-8928
Cindy McClure (225) 342-1652

Lawanna Green (225) 342-0714
Rachel Bryant (225) 342-1651

JWC:RLD:kmb